

**UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
EL PASO DIVISION**

IN RE:	§	
	§	CASE NO 21-30071-hcm
THE GATEWAY VENTURES, LLC,	§	Chapter 11
	§	
	§	
Debtor.	§	

**RESPONSE OF THE GATEWAY VENTURES LLC TO MOTION OF
LEGALIST DIP GP, LLC FOR ORDER CONVERTING CHAPTER 11
CASE TO CHAPTER 7 PURSUANT TO 11 U.S.C. § 1112(b)(RE: DOCKET
NO. 343)**

The Gateway Ventures LLC (“Debtor” or “TGV”), file this Response to *Motion of Legalist DIP GP, LLC for Order Converting Chapter 11 Case to Chapter 7 Pursuant to 11 U.S.C. § 1112(b)*(Re: Docket No. 343) (the “Motion”) filed herein by Legalist DIP GP, LLC, and in support of such response would show to the Court the following.

I. INTRODUCTION

1. TGV has worked diligently since confirmation to pay the DIP obligations but has experienced a number of unforeseen difficulties in developing the Gateway project. As of the filing of this response, TGV believes that it has reached a resolution with Legalist that will be presented to the Court on October 13, 2022.

II. JURISDICTION AND VENUE

2. TGV admits Paragraph No. 1 of the Motion.

III. FACTUAL BACKGROUND

3. TGV denies in part and admits in part Paragraph No. 2 of the Motion. TGV is a reorganized debtor and is not a debtor in possession.

4. TGV admits Paragraph No. 3 of the Motion.

5. TGV admits Paragraph No. 4 of the Motion.
6. TGV admits Paragraph No. 5 of the Motion.
7. TGV admits Paragraph No. 6 of the Motion.
8. TGV admits Paragraph No. 7 of the Motion.
9. TGV admits Paragraph No. 8 of the Motion.
10. TGV admits Paragraph No. 9 of the Motion
11. TGV admits in part and denies in part Paragraph No. 10 of the Motion. TGV has not yet repaid the DIP loan, but TGV believes the amount due could be less than the amount stated.
12. TGV admits in part and denies in part Paragraph No. 11 of the Motion. Since the filing of the Motion, TGV has caught up on its operating reports.

IV. ARGUMENTS AND AUTHORITIES

13. With respect to Section III.A.1., TGV admits that the DIP Obligations remain unpaid. TGV has been beset with numerous unforeseen delays in implementing the Plan, including for example the closing of Lot 9 to Noorani, due to problems with title companies imposing additional requirements and delays in issuing a clean title policy, difficulties in achieving the final plat of the Gateway development and the Noorani parties refusing to sign the mylars for the final plat for 4-6 weeks and which final plat is a condition precedent for any refinance transaction to proceed, and one or more potential capital partners which have failed to perform as advertised. TGV has since identified two or three additional sources of financing to be the exit lender and pay off Legalist. Approximately thirty (30) additional days will be required to close.

14. In any event, TGV and Legalist appear to have reached a settlement that will permit TGV time to close other financing to retire the DIP Obligations and fund any remaining items that are due under the Plan. *TGV and/or Legalist will seek to file such resolution under seal, by separate motion and order.*

15. With respect to Section III.A.1., TGV admits that the DIP Obligations remain unpaid but denies that the Plan is not substantially consummated. TGV has conveyed Lot 7 and Lot 9 in satisfaction of the Plan. TGV has worked diligently over the last 12 months to develop the Property, including executing one or more ground leases each with a national credit tenant and entering into contracts for cash sales of Lot 8 and Lot 5.

16. With respect to Section III.B, the Debtor since the filing of the Motion has filed monthly operating reports for each month post-confirmation. Mr. Dixon's management company in December, 2021 lost the person who was preparing the reports, and only this summer found a qualified replacement.

17. TGV reserves the right to amend and/or supplement this response prior to the hearing.

V. CONCLUSION

The Gateway Ventures LLC respectfully requests that the Court deny the Motion and permit TGV time to complete one or more of the current re-finance options and/or to accept the resolution with Legalist (and that such resolution be placed under seal). TGV respectfully requests such other and further relief to which it may be entitled at law or in equity.

Dated: October 11, 2022

Respectfully submitted,

WEYCER, KAPLAN, PULASKI & ZUBER, P.C.

By: /s/ Jeff Carruth
JEFF CARRUTH
State Bar No. 24001846
3030 Matlock Rd., Suite 201
Arlington, Texas 76015
Phone: (817) 795-5046
Facsimile: (866) 666-5322
jcarruth@wkpz.com

ATTORNEYS FOR
THE GATEWAY VENTURES LLC
DEBTOR AND DEBTOR IN POSSESSION

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing was served on October 11, 2022 by electronic notice to all ECF users who have appeared in this case to date (listed below).

/s/ Jeff Carruth
JEFF CARRUTH

21-30071-hcm Notice will be electronically mailed to:

Jeff Carruth on behalf of Debtor The Gateway Ventures, LLC
jcarruth@wkpz.com, jcarruth@aol.com; ATTY_CARRUTH@trustesolutions.com

Harrel L. Davis, III on behalf of Creditor Saleem Makani
hdavis@eplawyers.com, vrust@eplawyers.com; vpena@eplawyers.com

Harrel L. Davis, III on behalf of Defendant Saleem Makani
hdavis@eplawyers.com, vrust@eplawyers.com; vpena@eplawyers.com

James Michael Feuille on behalf of Creditor Ashish Nayyar
jfeu@scotthulse.com, tmar@scotthulse.com

James Michael Feuille on behalf of Creditor Deepesh Shrestha
jfeu@scotthulse.com, tmar@scotthulse.com

James Michael Feuille on behalf of Creditor Rahim Noorani
jfeu@scotthulse.com, tmar@scotthulse.com

James Michael Feuille on behalf of Creditor Umesh Shrestha
jfeu@scotthulse.com, tmar@scotthulse.com

Ryan Little on behalf of Interested Party Union Gateway, LLC
little@mgmsg.com, tsilva@mgmsg.com

Michael R. Nevarez on behalf of Creditor Saleem Makani
MNevarez@LawOfficesMRN.com, MRN4Bankruptcy@gmail.com

Clyde A. Pine, Jr. on behalf of Creditor HD Lending, LLC
pine@mgmsg.com, clyde.pine@gmail.com

James W Rose, Jr on behalf of U.S. Trustee United States Trustee - EP12
james.rose@usdoj.gov, brian.r.henault@usdoj.gov; carey.a.tompkins@usdoj.gov; Roxana.peterson@usdoj.gov

Donald P. Stecker on behalf of Creditor City Of El Paso
don.stecker@lgbs.com

United States Trustee - EP12
USTPRegion07.SN.ECF@usdoj.gov

Eric Charles Wood on behalf of Creditor Saleem Makani
eric@brownfoxlaw.com, tracy@brownfoxlaw.com